

**ANNUAL REPORT  
CHECKLIST**

for  
**FISCAL YEAR ENDED:**  
**12/31/2013**

**R E C E I V E D**  
**APR 24 2014**  
CONTINUING CARE  
CONTRACTS BRANCH

**PROVIDER:** University Village Thousand Oaks CCRC, LLC

**FACILITY(IES):** University Village Thousand Oaks

**CONTACT PERSON:** Ryan Exline

**TELEPHONE NO.:** ( 805 ) 241-3001

✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

Your complete annual report must consist of **3 copies** of all of the following:


- ✓ This cover sheet.
- ✓ Annual Provider Fee in the amount of: \$ 19,494
  - ✓ If applicable, late fee in the amount of: \$ \_\_\_\_\_
- ✓ Certification by the provider's chief *executive* officer that:
  - ✓ The reports are correct to the best of his/her knowledge.
  - ✓ Each continuing care contract form in use or offered to new residents has been approved by the Department.
  - ✓ The provider is maintaining the required liquid reserve and refund reserve, if applicable.
- ✓ Evidence of the provider's fidelity bond.
- ✓ The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ✓ The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- ✓ The provider's "Continuing Care Retirement Community Disclosure Statement" for **each** community.



RECEIVED  
APR 24 2014  
CONTINUING CARE  
CONTRACTS BRANCH

STATEMENT OF CHIEF EXECUTIVE OFFICER  
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES ANNUAL REPORT  
UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC

The undersigned does attest the 2013 Annual Report is correct; the contract in use for new residents has been approved by the Department, and is maintaining liquid and refund reserves pursuant to requirements of the California Health and Safety Code.

  
\_\_\_\_\_  
Bob Bouchard  
Chief Executive Officer

4.21.14  
\_\_\_\_\_  
Date

CONTINUED

RECEIVED  
ADD 2 07/29/2013**ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE**DATE (MM/DD/YYYY)  
07/29/2013

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

CONTRACTS BRANCH

PRODUCER NAME, CONTACT PERSON AND ADDRESS <b>Proper Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402</b>		PHONE (A/C, No, Ext): <b>253.310.4060</b>	COMPANY NAME AND ADDRESS <b>Continental Casualty Company</b>		NAIC NO:
FAX (A/C, No): <b>866.577.1326</b>	E-MAIL ADDRESS:		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE:	SUB CODE:		POLICY TYPE		
AGENCY CUSTOMER ID #: <b>114921</b>			LOAN NUMBER		
NAMED INSURED AND ADDRESS <b>Continuing Life, et al. 1940 Levante Street Carlsbad, CA 92009</b>			POLICY NUMBER		
ADDITIONAL NAMED INSURED(S)			EFFECTIVE DATE <b>06/30/2013</b>	EXPIRATION DATE <b>06/30/2014</b>	CONTINUED UNTIL TERMINATED IF CHECKED
			THIS REPLACES PRIOR EVIDENCE DATED:		

PROPERTY INFORMATION (Use REMARKS on Page 2, if more space is required) ☐ BUILDING OR ☐ BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

## COVERAGE INFORMATION

PERILS INSURED

BASIC

BROAD

☒ SPECIALCOMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ **\$418,655,887** Blanket Building and BPP DED: **\$10,000**

	YES	NO	N/A	
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	<input checked="" type="checkbox"/>			If YES, LIMIT: <b>\$35,000,000</b> Actual Loss Sustained; # of months <b>12</b>
BLANKET COVERAGE <b>Combined Bldg and BPP</b>	<input checked="" type="checkbox"/>			If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE	<input checked="" type="checkbox"/>			Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		<input checked="" type="checkbox"/>		
IS DOMESTIC TERRORISM EXCLUDED?		<input checked="" type="checkbox"/>		
LIMITED FUNGUS COVERAGE	<input checked="" type="checkbox"/>			If YES, LIMIT: <b>100,000</b> DED: <b>10,000</b>
FUNGUS EXCLUSION (IF "YES", specify organization's form used)		<input checked="" type="checkbox"/>		
REPLACEMENT COST	<input checked="" type="checkbox"/>			
AGREED VALUE	<input checked="" type="checkbox"/>			
COINSURANCE		<input checked="" type="checkbox"/>		If Yes, %
EQUIPMENT BREAKDOWN (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	<input checked="" type="checkbox"/>			If YES, LIMIT: <b>Included</b> DED:
- Demolition Costs	<input checked="" type="checkbox"/>			If YES, LIMIT: <b>SEEBELOW</b> DED:
- Incr. Cost of Construction	<input checked="" type="checkbox"/>			If YES, LIMIT: <b>SEEBELOW</b> DED:
EARTH MOVEMENT (If Applicable)		<input checked="" type="checkbox"/>		If YES, LIMIT: DED:
FLOOD (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: <b>10000000</b> DED:
WIND/HAIL (If Subject to Different Provisions)	<input checked="" type="checkbox"/>			If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS				

## CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

## ADDITIONAL INTEREST

<input type="checkbox"/> MORTGAGEE	<input type="checkbox"/> CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
<input type="checkbox"/> LENDERS LOSS PAYABLE		
NAME AND ADDRESS <b>Evidence of Insurance</b>		AUTHORIZED REPRESENTATIVE <i>Jesus Grady Man</i>

**EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS - Including Special Conditions (Use only if more space is required)**

**Named Insured Continued:**

Continuing Life, LLC  
Continuing Life Communities Management, LLC  
Continuing Life Communities, LLC dba La Costa Glen  
Continuing Life Communities CHC, LLC dba Glenbrook  
Morningside Core Care Associates, LP  
Morningside SP Associates, Inc. a California Corporation  
Core Care Inc. a CA Corporation dba Core Care I  
Core Care II, LP  
Core Care III, LP dba Morningside of Fullerton  
Core Care V, LP Park Vista at Morningside  
CLC Thousand Oaks, LLC dba University Village Thousand Oaks  
CLC Thousand Oaks HC, LLC dba Oakview at University Village  
Stone Ridge Creek Pleasanton CCRC, LLC dba Stone Ridge Creek  
Continuing Life Communities Pleasanton HC, LLC dba Creek View  
GlenBrook At Home, LLC  
ParkVista At Home, LLC  
Oakview At Home, LLC

**Ordinance or Law Coverage B&C - Combined Limit of \$5,000,000**

Client#: 114921

CONT LIFE

ACORD™

## CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
07/02/2013

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> <b>Propel Insurance</b> <b>Tacoma Commercial Insurance</b> <b>1201 Pacific Ave, Suite 1000</b> <b>Tacoma, WA 98402</b>	<b>CONTACT NAME:</b> Monica Parks <b>PHONE (A/C, No, Ext):</b> 253.310.4060 <b>FAX (A/C, No):</b> 866.577.1326 <b>E-MAIL ADDRESS:</b>																					
<b>INSURED</b> <b>Continuing Life, et al.</b> <b>1940 Levante Street</b> <b>Carlsbad, CA 92009</b>	<table border="1"> <thead> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr> </thead> <tbody> <tr> <td>INSURER A:</td><td>Columbia Casualty</td><td>31127</td></tr> <tr> <td>INSURER B:</td><td>Continental Insurance Company</td><td>31127</td></tr> <tr> <td>INSURER C:</td><td></td><td></td></tr> <tr> <td>INSURER D:</td><td></td><td></td></tr> <tr> <td>INSURER E:</td><td></td><td></td></tr> <tr> <td>INSURER F:</td><td></td><td></td></tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Columbia Casualty	31127	INSURER B:	Continental Insurance Company	31127	INSURER C:			INSURER D:			INSURER E:			INSURER F:		
INSURER(S) AFFORDING COVERAGE		NAIC #																				
INSURER A:	Columbia Casualty	31127																				
INSURER B:	Continental Insurance Company	31127																				
INSURER C:																						
INSURER D:																						
INSURER E:																						
INSURER F:																						

## COVERAGES

## CERTIFICATE NUMBER:

## REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		5087056186	06/30/2013	06/30/2014	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$3,000,000 PRODUCTS - COMP/OP AGG \$Included \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> Comp \$500 <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> Coll \$1,000		5087056155	06/30/2013	06/30/2014	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$10,000 <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE		5087056172	06/30/2013	06/30/2014	EACH OCCURRENCE \$10,000,000 AGGREGATE \$10,000,000 \$ IWC STATUTORY LIMITS E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y/N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A				
A	Professional Liability		5087056186	06/30/2013	06/30/2014	\$1,000,000 Occurrence \$3,000,000 Aggregate

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Named Insured Continued:

Continuing Life, LLC

Continuing Life Communities Management, LLC

Continuing Life Communities, LLC dba La Costa Glen

Continuing Life Communities CHC, LLC dba Glenbrook

(See Attached Descriptions)

## CERTIFICATE HOLDER

## CANCELLATION

Evidence of Insurance

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



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## DESCRIPTIONS (Continued from Page 1)

Morningside Core Care Associates, LP  
Moningside SP Associates, Inc. a California Corporation  
Core Care Inc. a CA Corporation dba Core Care I  
Core Care II, LP  
Core Care III, LP dba Morningside of Fullerton  
Core Care V, LP Park Vista at Morningside  
CLC Thousand Oaks, LLC dba University Village Thousand Oaks  
CLC Thousand Oaks HC, LLC dba Oakview at University Village  
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GlenBrook At Home, LLC  
ParkVista At Home, LLC  
Oakview At Home, LLC

**R E C E I V E D**  
APR 24 2014

CONTINUING CARE  
CONTRACTS BRANCH

***UNIVERSITY VILLAGE THOUSAND  
OAKS CCRC, LLC***

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

**WITH INDEPENDENT AUDITORS' REPORT**

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2013 AND 2012**

	<u>Page</u>
<b>Independent Auditors' Report .....</b>	<b>1</b>
<b>Financial Statements:</b>	
Balance Sheets .....	3
Statements of Operations.....	5
Statements of Comprehensive Income .....	6
Statements of Changes in Members' Equity (Deficit).....	7
Statements of Cash Flows.....	8
Notes to Financial Statements .....	10
<b>Independent Auditors' Report on Supplementary Information .....</b>	<b>21</b>
(Form 5-1) Long-Term Debt Incurred in a Prior Fiscal Year .....	22
Waiver Request Under H&S Code Section 1792.3(c).....	24
(Form 5-2) Long-Term Debt Incurred During Fiscal Year.....	25
(Form 5-3) Calculation of Long-Term Debt Reserve Amount.....	27
(Form 5-4) Calculation of Net Operating Expenses .....	28
(Form 5-5) Annual Reserve Certification.....	30
(Form 7-1) Report on CCRC Monthly Service Fees .....	32



**INDEPENDENT AUDITORS' REPORT**

To the Members of  
University Village Thousand Oaks CCRC, LLC  
Thousand Oaks, California

We have audited the accompanying financial statements of University Village Thousand Oaks CCRC, LLC (the "Company") (a Delaware limited liability company) which comprise the balance sheets as of December 31, 2013 and 2012, and the related statements of operations, comprehensive income, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Village Thousand Oaks CCRC, LLC as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*White Nelson Dick Evans LLP*

Irvine, California

April 8, 2014

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2013 AND 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 2,977,666	\$ 5,430,538
Marketable securities	4,358,988	1,944,998
Accounts receivable	108,598	52,812
Inventories	53,582	55,550
Prepaid expenses	227,729	216,228
Other receivables	<u>68,874</u>	<u>60,859</u>
Total Current Assets	7,795,437	7,760,985
<b>Property and Equipment:</b>		
Land	10,508,648	10,508,648
Land improvements	33,383,881	33,253,354
Buildings and improvements	102,278,096	102,278,096
Furniture, fixtures and equipment	14,799,625	14,519,353
Computer equipment and systems	<u>1,802,112</u>	<u>1,789,030</u>
Total Property and Equipment, at Cost	162,772,362	162,348,481
Less: Accumulated depreciation	<u>(37,739,973)</u>	<u>(31,767,499)</u>
Total Property and Equipment, at Net Book Value	125,032,389	130,580,982
<b>Other Assets:</b>		
Other receivables, long-term	772,017	670,990
Deferred entrance fees receivable	34,190,419	36,079,020
Costs of acquiring initial continuing care contracts, net of accumulated amortization of \$2,073,780 in 2013 and \$1,746,286 in 2012	<u>1,719,345</u>	<u>2,046,839</u>
Total Other Assets	<u>36,681,781</u>	<u>38,796,849</u>
Total Assets	<u><u>\$ 169,509,607</u></u>	<u><u>\$ 177,138,816</u></u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2013 AND 2012**

**LIABILITIES AND MEMBERS' EQUITY (DEFICIT)**

	<u>2013</u>	<u>2012</u>
Current Liabilities:		
Accounts payable	\$ 534,575	\$ 450,726
Accrued expenses	345,456	397,383
Deposits on unoccupied units	140,000	-
Current portion of note payable to Master Trust	<u>5,272,540</u>	<u>5,198,887</u>
Total Current Liabilities	6,292,571	6,046,996
Long-Term Liabilities:		
Note payable to Master Trust, net of current portion	206,567,063	203,651,604
Deferred revenue from unamortized deferred entrance fees, net	<u>25,855,244</u>	<u>26,229,642</u>
Total Long-Term Liabilities	<u>232,422,307</u>	<u>229,881,246</u>
Total Liabilities	238,714,878	235,928,242
Members' Equity (Deficit):		
Members' equity (deficit)	(69,915,797)	(58,916,334)
Accumulated other comprehensive income	<u>710,526</u>	<u>126,908</u>
Total Members' Equity (Deficit)	<u>(69,205,271)</u>	<u>(58,789,426)</u>
Total Liabilities and Members' Equity (Deficit)	<u>\$ 169,509,607</u>	<u>\$ 177,138,816</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Revenues:		
Resident services	\$ 22,264,999	\$ 20,977,374
Amortization of deferred entrance fees	4,287,509	4,276,060
Deferred entrance fees on terminated contracts	1,572,411	1,254,896
Non-resident services	<u>167,194</u>	<u>130,055</u>
Total Revenues	<u>28,292,113</u>	<u>26,638,385</u>
Operating Expenses:		
Resident care	6,218,437	5,227,576
Food and beverage services	3,560,993	3,431,554
Environmental services	1,120,189	1,089,184
Plant facility operating costs	3,216,348	3,018,805
General and administrative expenses	5,050,241	5,061,695
Depreciation and amortization	<u>6,299,968</u>	<u>6,246,301</u>
Total Operating Expenses	<u>25,466,176</u>	<u>24,075,115</u>
Income from Operations	2,825,937	2,563,270
Other Income (Expense):		
Gain (loss) on sale of marketable securities	81,376	(16,567)
Interest and dividend income	<u>93,224</u>	<u>46,218</u>
Total Other Income (Expense)	<u>174,600</u>	<u>29,651</u>
Net Income	<u>\$ 3,000,537</u>	<u>\$ 2,592,921</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Net Income	\$ 3,000,537	\$ 2,592,921
Other Comprehensive Income:		
Net unrealized holding gains arising during the year	667,117	126,908
Reclassification related to net realized gains included in net income	<u>(83,499)</u>	<u>-</u>
Comprehensive Income	<u>\$ 3,584,155</u>	<u>\$ 2,719,829</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Capital		Accumulated Equity (Deficit)	Accumulated Other Comprehensive Income	Total Members' Equity (Deficit)
	Class A	Class B			
Balance at December 31, 2011	\$ (38,898,493)	\$ (1,065,086)	\$ (5,645,676)	\$ -	\$ (45,609,255)
Distributions	(12,500,000)	(3,400,000)	-	-	(15,900,000)
Net unrealized holding gains arising during the year	-	-	-	126,908	126,908
Net income	-	-	2,592,921	-	2,592,921
Balance at December 31, 2012	(51,398,493)	(4,465,086)	(3,052,755)	126,908	(58,789,426)
Distributions	(11,200,000)	(2,800,000)	-	-	(14,000,000)
Net unrealized holding gains arising during the year	-	-	-	667,117	667,117
Reclassification related to net realized gains included in net income	-	-	-	(83,499)	(83,499)
Net income	-	-	3,000,537	-	3,000,537
Balance at December 31, 2013	<u>\$ (62,598,493)</u>	<u>\$ (7,265,086)</u>	<u>\$ (52,218)</u>	<u>\$ 710,526</u>	<u>\$ (69,205,271)</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from Operating Activities:		
Cash received from residents	\$ 29,614,290	\$ 28,185,718
Interest and dividend income	93,224	46,218
Reimbursements for services to non-residents	167,194	130,055
Cash paid to suppliers and employees	<u>(19,143,819)</u>	<u>(17,583,290)</u>
Net Cash Provided by Operating Activities	10,730,889	10,778,701
Cash Flows from Investing Activities:		
Payments made on purchases of property and equipment	(423,877)	(172,622)
Purchases of marketable securities	(4,152,891)	(2,330,188)
Proceeds from redemption of marketable securities	<u>2,403,895</u>	<u>495,531</u>
Net Cash Used in Investing Activities	(2,172,873)	(2,007,279)
Cash Flows from Financing Activities:		
Proceeds from note payable to Master Trust	8,488,000	12,450,000
Payments on note payable to Master Trust	(5,498,888)	(7,674,756)
Distributions to members	<u>(14,000,000)</u>	<u>(15,900,000)</u>
Net Cash Used in Financing Activities	(11,010,888)	(11,124,756)
Net Decrease in Cash and Cash Equivalents	(2,452,872)	(2,353,334)
Cash and Cash Equivalents, Beginning of Year	<u>5,430,538</u>	<u>7,783,872</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,977,666</u>	<u>\$ 5,430,538</u>

The accompanying notes are an integral part of these financial statements.



**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Reconciliation of Net Income to Net Cash		
Provided by Operating Activities:		
Net Income	\$ 3,000,537	\$ 2,592,921
Non-Cash Items Included in Net Income:		
Depreciation and amortization	6,299,968	6,246,301
Amortization of deferred entrance fees	(4,287,509)	(4,276,060)
Deferred entrance fees on terminated contracts	(1,572,411)	(1,254,896)
(Gain) loss on sale of marketable securities	(81,376)	16,567
Changes in:		
Accounts receivable	(55,787)	1,015
Inventories	1,967	13,500
Prepaid expenses	(11,501)	98,248
Other receivables	(109,042)	(94,985)
Deferred entrance fees receivable	7,374,121	7,302,315
Accounts payable	83,849	215,465
Accrued expenses	(51,927)	(81,690)
Deposits on unoccupied units	<u>140,000</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 10,730,889</u>	<u>\$ 10,778,701</u>
Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Deferred entrance fees receivable and deferred revenue		
from unamortized deferred entrance fees recorded to		
reflect additional amounts due from resident contributions	<u>\$ 5,485,522</u>	<u>\$ 6,162,278</u>

The accompanying notes are an integral part of these financial statements.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 1: Nature of Business and Summary of Significant Accounting Policies**

**Nature of Business**

University Village Thousand Oaks CCRC, LLC (“the Company”), formerly known as Continuing Life Communities Thousand Oaks LLC, dba University Village Thousand Oaks, owns and operates a multi-use continuing care retirement community located in Thousand Oaks, California.

**Limited Liability Company Agreement**

The following represents a summary of significant financial terms of the Company’s Operating Agreement. The Operating Agreement should be referred to for more specific terms.

The Company has two types of members: Class A and Class B. Class A members have the full, exclusive, and complete right, power, authority, discretion and responsibility vested in or assumed by a managing member, including those necessary to make all decisions affecting the business or purpose of the Company. Class B members shall not take any part in management or control of the Company’s business or transact any business in the name of the Company, except to the extent such member is serving in the capacity of an appointed officer.

One of the Class A members is designated as the financing member. No member other than the financing member is required to contribute capital to the Company at any time. The capital contributions shall earn a cumulative preferred return of 8 to 10 percent, depending on the amount of capital contributed. As of December 31, 2013 and 2012, 80 percent of the Company is owned by Class A members and 20 percent of the Company is owned by Class B members.

The members’ liability to general creditors is limited to their investments in the Company. In accordance with the Operating Agreement, the Company will continue until December 31, 2050, unless extended or sooner terminated by agreement.

Profits and losses for financial statement purposes, distributable cash from operations and profits and losses for tax purposes are allocated and distributed to the members in accordance with the Operating Agreement. The Operating Agreement also provides for priority distributions, plus an allowance for interest.

**Principles of Accounting**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). References to the “ASC” hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (“FASB”) as the source of authoritative GAAP.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash and cash equivalents include the operating cash account of the Company, money market accounts, time deposits, certificates of deposit, and all highly-liquid debt instruments with original maturities of three months or less.

**Marketable Securities**

Marketable securities held by the Company at December 31, 2013 and 2012, are classified in accordance ASC 320-10, "*Investments - Debt and Equity Securities*", as available-for-sale and stated at their fair market value based on quoted market prices. Realized gains or losses from the sale of marketable securities are computed based on specific identification of historical cost. Unrealized gains or losses of marketable securities are reported as a separate component of members' equity (deficit) and as a separate component of other comprehensive income.

**Accounts Receivable**

Accounts receivable consist of amounts due from residents for monthly service fees and other ancillary services. These services and fees are primarily due upon receipt of invoice. Receivables are reviewed weekly and are considered past due 14 days after issuance of monthly statements. Accounts for which no payments have been received for 30 days are considered delinquent and customary collection efforts are initiated. Uncollectible accounts are written-off at the advice of a collection attorney and with the approval of ownership.

The Company provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. No allowance was necessary at December 31, 2013 and 2012.

**Inventories**

Inventories consist of food and supplies used in the operations and are valued at the lower of cost or market on a first-in, first-out basis.

**Property and Equipment**

Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over estimated useful lives of 5 to 40 years. Depreciation for property and equipment is computed on the straight-line method for book purposes.

The estimated useful lives of the related assets are as follows:

Land improvements	15-20 years
Buildings and improvements	10-40 years
Furniture, fixtures and equipment	5-10 years
Computer equipment and systems	5 years

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Property and Equipment (Continued)**

Depreciation expense for the years ended December 31, 2013 and 2012, totaled \$5,972,474 and \$5,918,807, respectively.

**Long-Lived Assets**

The Company accounts for impairment and disposition of long-lived assets in accordance with ASC 360-10, "*Property, Plant, and Equipment*". ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of value of such assets for the years ended December 31, 2013 and 2012.

**Revenue Recognition**

Revenue from resident and non-resident services is accounted for on the accrual basis of accounting as earned. See Note 8 for a description of the revenue recognition policy of deferred entrance fees.

**Revenue and Expenses**

In accordance with the Residence and Care Agreement, future monthly fees due from residents for maintenance and operating expenses may be adjusted with appropriate notice as specified in the individual agreements.

**Income Taxes**

The Company is taxed as a Partnership for federal tax purposes and, accordingly, pays no federal taxes. For California purposes, the Company pays an \$800 Limited Liability Company tax plus a fee based on its total revenue. The taxable income or loss is recognized on the individual income tax returns of the members.

**Advertising and Promotional Costs**

Advertising and promotional costs are charged to operations when incurred. For the years ended December 31, 2013 and 2012, advertising and promotional costs totaled \$604,128 and \$879,585, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

**Comprehensive Income**

The Company accounts for other comprehensive income items in accordance with ASC 220, "*Reporting Comprehensive Income*". Comprehensive income is a more inclusive financial reporting methodology that consists of net income and other gains or losses affecting equity that are excluded from net income.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Note 2: Concentrations, Risks and Uncertainties**

The Company maintains cash balances with one financial institution. At December 31, 2013, accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2012, accounts at the institution were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and unlimited insurance for non-interest bearing accounts.

At December 31, 2013 and 2012, the Company also maintains its money market funds and investments in equity securities at brokerage firms which are not FDIC insured. The firms are insured by Securities Investor Protection Corporation (SIPC) up to \$500,000.

**Note 3: Marketable Securities**

At December 31, 2013 and 2012, the Company's investments consist primarily of publicly traded equity securities categorized as available-for-sale securities and are stated at fair market value.

At December 31, 2013, cost and fair market value of such investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Holding Gain</u>	<u>Gross Unrealized Holding Loss</u>
Equities	\$ 3,648,462	\$ 4,358,988	\$ 720,948	\$ 10,422
Total Marketable Securities	<u>\$ 3,648,462</u>	<u>\$ 4,358,988</u>	<u>\$ 720,948</u>	<u>\$ 10,422</u>

At December 31, 2013, the allowance for unrealized gains and losses has been recorded as a separate component of members' equity (deficit) under accumulated other comprehensive income. At December 31, 2013, the aggregate market value of marketable securities exceeds their aggregate cost by \$710,526. Other comprehensive income for the year ended December 31, 2013, includes net unrealized holding gains of \$667,117 and a reclassification adjustment for net realized (gains) included in net income of \$83,499.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 3: Marketable Securities (Continued)**

Sales of marketable securities classified as available-for-sale during the year ended December 31, 2013, resulted in proceeds of \$2,403,895, gross realized gains of \$179,887 and gross realized losses of \$98,653.

At December 31, 2012, cost and fair market value of such investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Holding Gain</u>	<u>Gross Unrealized Holding Loss</u>
Equities	\$ 1,818,090	\$ 1,944,998	\$ 148,691	\$ 21,783
Total Marketable Securities	<u>\$ 1,818,090</u>	<u>\$ 1,944,998</u>	<u>\$ 148,691</u>	<u>\$ 21,783</u>

At December 31, 2012, the allowance for unrealized gains and losses has been recorded as a separate component of members' equity (deficit) under accumulated other comprehensive income. At December 31, 2012, the aggregate market value of marketable securities exceeds their aggregate cost by \$126,908. Other comprehensive income for the year ended December 31, 2012, includes net unrealized holding gains of \$126,908 and there is no reclassification adjustment for realized (gains) losses included in net income.

Sales of marketable securities classified as available-for-sale during the year ended December 31, 2012, resulted in proceeds of \$495,531, gross realized gains of \$9,995 and gross realized losses of \$26,562.

**Note 4: Costs of Acquiring Initial Continuing Care Contracts**

Costs of acquiring initial continuing care contracts were capitalized since they were expected to be recovered from future contract care revenues. Initial continuing-care contracts are defined as the resident contracts entered into within one year of the opening of the facility. These costs were amortized using a straight-line method over the average expected remaining lives of the residents under contract or the contract term, if shorter. The amortization related to these costs for both years ended December 31, 2013 and 2012, totaled \$327,494.

The following table represents the total estimated amortization of costs of acquiring initial continuing care contracts assets for each of the succeeding years:

2014	\$ 327,494
2015	327,494
2016	327,494
2017	327,494
2018	327,494
Thereafter	<u>81,875</u>
	<u>\$ 1,719,345</u>

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 5: Residence and Care Agreement**

Each new resident enters into a contract with the Company called the Residence and Care Agreement. The form of the agreement is in conformity with the statutes of the State of California Department of Social Services Continuing Care Contracts Branch. The provisions of the agreement include, but are not limited to, such items as the unit to be occupied, initial monthly fee, amount of contribution to the Master Trust (see Note 6), and methods of cancellation and refunds or contingent repayments subject to resale of the units.

Prior to actual occupancy by the resident, a contribution is required to be deposited with the Master Trust pursuant to the Residence and Care Agreement (the "Residence Agreement").

Under the Residence Agreement, the contribution received will be repayable under the following terms and conditions:

- (1) Cancellation During The Trial Residence Period - Under California law, there is a probationary period of 90 days after the date of the signed agreement during which either the Company or the resident may cancel the agreement with or without cause. Death of the resident during the period will cancel the agreement. In the event of cancellation, the resident shall be entitled to a refund in accordance with California law which states that the Company may deduct from the contribution amount a reasonable fee to cover costs and any charges incurred but not paid
- (2) Cancellation After 90 Days - A resident may cancel his or her agreement at any time after the trial residence period for any reason by giving the Company 90 days written notice. Death of the resident will cancel the agreement. However, if an agreement applies to more than one resident, it will remain in effect after the death of one of the residents and be adjusted as described in the agreement. The Company may cancel the agreement at any time after the trial residence period for good cause, upon 90 days written notice to the resident. Examples of good cause are defined in the Residence Agreement.

Upon termination of the Residence Agreement, the resident or his or her estate will be entitled to a repayment of the contribution less a predetermined percentage and any charges incurred but not paid, as determined by the terms and conditions of the individual agreements.

**Note 6: Note Payable to Master Trust and Trust Agreement**

The University Village Thousand Oaks Master Trust was established to provide protection to the residents of the community by providing them with a vehicle through which they obtain a secured interest in the real property of the Company. New residents join in and become grantors under the trust agreement. At December 31, 2013 and 2012, the balance outstanding on the Master Trust note payable was \$211,839,603 and \$208,850,491, respectively.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 6: Note Payable to Master Trust and Trust Agreement (Continued)**

A contribution amount, as specified in the Residence Agreement, is made to the Master Trust by the grantor (see Note 5). The trustee of the Master Trust is directed to invest virtually all of the funds in the form of an interest-free loan to the Company.

The loan which currently may not exceed \$270,000,000 is secured by the following:

- (1) A first priority deed of trust on the Company's real property and improvements thereon.
- (2) Security agreement creating a first security interest in the Company's current and hereafter acquired equity in all of the improvements, fixtures, personal property, and intangible property associated and used in connection with the real property described in the deed of trust.
- (3) First priority assignment of contracts including, but not limited to, any residence and care agreement and any management agreement entered into in conjunction with the operation University Village Thousand Oaks.

The security also includes any income generated from and any insurance proceeds recovered from the loss of any property serving as collateral for this loan.

Repayments of principal will be made in annual amounts for a period of forty years with final payment due December 31, 2050. Each annual payment or series of payments made during the year shall be equal to or greater than the amount of principal advanced on December 15 next preceding the payment due date divided by forty years. The next scheduled principal payment of \$5,272,540 was paid in January 2014.

Principal payments of the current outstanding Master Trust loan are estimated to mature as follows:

2014	\$ 5,272,540
2015	5,164,177
2016	5,035,072
2017	4,909,195
2018	4,786,465
Thereafter	<u>186,672,154</u>
Total	<u>\$ 211,839,603</u>



**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 7: Commitments and Contingencies**

**Obligation to Provide Future Services**

The Company annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the present value of monthly service fees and the unamortized deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the monthly service fees and deferred revenue from deferred entrance fees, a liability is recorded.

Using a discount rate at December 31, 2013 and 2012, of 6 percent for both years, the anticipated revenues are estimated to exceed the cost of future services by \$56,584,383 and \$54,091,850, for the years ended December 31, 2013 and 2012, respectively. Therefore, no liability was accrued.

**Reservations and Designations**

At December 31, 2013 and 2012, the Company maintains cash reserves in the amount of \$3,903,907 and \$3,636,731, respectively, for operating expense contingencies in accordance with requirements of the California Health and Safety Code under the State of California Department of Social Services. These reserves are included in cash and cash equivalents and marketable securities on the accompanying balance sheets.

**Litigation**

The Company experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

**Note 8: Deferred Revenue from Unamortized Deferred Entrance Fees**

At December 31, 2013 and 2012, deferred revenue from unamortized deferred entrance fees consists of the following:

	<u>2013</u>	<u>2012</u>
Deferred entrance fees before repayment	\$ 47,662,385	\$ 45,251,284
Less: accumulated amortization of deferred entrance fees	<u>(21,807,141)</u>	<u>(19,021,642)</u>
Deferred revenue from unamortized deferred entrance fees, net	<u>\$ 25,855,244</u>	<u>\$ 26,229,642</u>

The deferred entrance fees are amortized to income using the straight-line method over future periods based on the estimated life of the resident in accordance with ASC 954-430, "*Health Care Entities - Deferred Revenue*". The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 8: Deferred Revenue from Unamortized Deferred Entrance Fees (Continued)**

During 2013 and 2012, the deferred entrance fees amortized into income were \$4,287,509 and \$4,276,060, respectively, based on total deferred entrance fees of \$57,759,861 and \$56,132,304, respectively.

**Note 9: Related Party Transactions**

At December 31, 2013, the Company had an informal service agreement with a related company concerning the provision of administrative and operational oversight services, including use of brand, transaction processing, benefit and insurance administration, among others. The service agreement, which was formalized subsequent to year end, calls for an initial service fee totaling \$278,000, payable in equal monthly installments, plus additional fees for supplemental and out-of-pocket services, to commence on January 1, 2014 for an initial term of one year and is renewable annually thereafter unless cancelled. Total fees paid under this agreement for the year ended December 31, 2013 totaled \$227,409, and these fees are included in general and administrative expenses in the accompanying statements of operations.

During both years ended December 31, 2013 and 2012, the Company paid \$50,000 annually for management services rendered to an affiliated entity owned by the financing member. These expenses are included in the general and administrative expenses in the accompanying statements of operations.

The Company has an agreement for purchased health care costs with Oakview HC, LLC, an affiliated entity. The health care costs paid to this entity during the years ended December 31, 2013 and 2012, were \$5,230,521 and \$4,290,515, respectively, and are included in resident care expenses in the accompanying statements of operations. In addition, the Company had payables for accrued health care costs totaling \$208,093 and \$151,420, at December 31, 2013 and 2012, respectively, which are included in accounts payable in the accompanying balance sheets.

The Company also shares certain expenses with related companies. At December 31, 2013 and 2012, the Company had net amounts due from (to) these companies for certain shared expenses totaling \$(24,615) and \$39,415, respectively, and are included in accounts payable and other receivables, respectively, in the accompanying balance sheets.

**Note 10: Employee Benefit Plan**

The Company sponsors a qualified 401(k) plan (the "Plan") for all eligible employees. Employees may contribute up to 100 percent of their annual compensation, up to the maximum prescribed by law. The Company may annually elect to make discretionary matching or non-elective contributions to the Plan. For the years ended December 31, 2013 and 2012, employer contributions to the Plan totaled \$50,563 and \$53,489, respectively, with corresponding plan administrative expenses totaling \$1,335 and \$2,861, respectively. Both expenses have been included in general and administrative expenses in the accompanying statements of operations.

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 11: Fair Value Measurements**

The Company accounts for marketable securities in accordance with ASC 820, "*Fair Value Measurements and Disclosures*". ASC 820-10 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurement. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets measured at fair value on a recurring basis comprise of available-for-sale securities. The fair value of the assets at December 31, 2013 is determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 2,067,906	\$ -	\$ -
Large Growth	218,384	-	-
Large Core	<u>2,072,698</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 4,358,988</u>	<u>\$ -</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis comprise of available-for-sale securities. The fair value of the assets at December 31, 2012 was determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 951,396	\$ -	\$ -
Large Growth	91,395	-	-
Large Core	799,595	-	-
Mid Growth	54,312	-	-
Mid Core	<u>48,300</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 1,944,998</u>	<u>\$ -</u>	<u>\$ -</u>

**UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**Note 12: Subsequent Events**

Events occurring after December 31, 2013, have been evaluated for possible adjustment to the financial statements or disclosure as of April 8, 2014, which is the date the financial statements were available to be issued. There were no adjustments to the financial statements or additional disclosures as a result of this evaluation.

RECEIVED

APR 24 2014

CONTINUING CARE  
CONTRACTS BRANCH

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON  
SUPPLEMENTARY INFORMATION**

To the Members of  
University Village Thousand Oaks CCRC, LLC  
Thousand Oaks, California

Our report on our audits of the basic financial statements of University Village Thousand Oaks CCRC, LLC (the "Company") for the years ended December 31, 2013 and 2012, appears on pages 1 and 2. The audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Schedules of Form 5-1 through Form 5-5 and Form 7-1 has been prepared for filing with the State of California Department of Social Services, in accordance with Section 1792 of the California Health and Safety Code, and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, presents fairly in all material respects the continuing care reserve requirements of the Company at December 31, 2013, in conformity with the report preparation provisions of the California Health and Safety Code Section 1792.

This report is intended solely for the information and use of the members and management of the Company and for filing with the California Department of Social Services and should not be used for any other purposes. However, this report is a matter of public record and its distribution is not limited.

*White Nelson Diehl Evans LLP*

Irvine, California  
April 8, 2014

**FORM 1-1**  
**RESIDENT POPULATION**

<b>Line</b>	<b>Continuing Care Residents</b>	<b>TOTAL</b>
[1]	Number at beginning of fiscal year	492
[2]	Number at end of fiscal year	484
[3]	Total Lines 1 and 2	976
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	488
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	492
[7]	Number at end of fiscal year	484
[8]	Total Lines 6 and 7	976
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	488
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

<b>Line</b>	<b>TOTAL</b>
[1] Total Operating Expenses (including depreciation and debt service - interest only) *	\$25,466,176
[a] Depreciation	\$5,972,474
[b] Debt Service (Interest Only)	\$0
[2] Subtotal (add Line 1a and 1b)	\$5,972,474
[3] Subtract Line 2 from Line 1 and enter result.	\$19,493,702
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$19,493,702
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	\$19,494

**NOTE: \* Total operating expenses listed above are for the period of January 1, 2013 to December 31, 2013.**

**PROVIDER:** University Village Thousand Oaks CCRC, LLC  
**COMMUNITY:** University Village Thousand Oaks

**FORM 5-1**  
**LONG-TERM DEBT INCURRED**  
**IN A PRIOR FISCAL YEAR**  
**(Including Balloon Debt)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>					\$0

*(Transfer this amount to  
Form 5-3, Line 1)*

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** University Village Thousand Oaks CCRC, LLC  
**COMMUNITY:** University Village Thousand Oaks



**FORM 5-1**  
**LONG-TERM DEBT INCURRED**  
**IN A PRIOR FISCAL YEAR (Continued)**  
**Supporting Calculation for Line 1(b)**

Line 1(b) Debt Service Reserve is waived as per the attached letter.

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**PROVIDER:** University Village Thousand Oaks CCRC, LLC  
**COMMUNITY:** University Village Thousand Oaks

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CDSS

JOHN A. WAGNER  
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**  
744 P Street • Sacramento, CA 95814 • [www.cdss.ca.gov](http://www.cdss.ca.gov)



ARNOLD SCHWARZENEGGER  
GOVERNOR

November 18, 2009

Mr. Warren Spieker  
Vice President  
Continuing Life Communities LLC  
1940 Levante Street  
Carlsbad, California 92009

Dear Mr. Spieker:

SUBJECT: CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC DBA  
UNIVERSITY VILLAGE THOUSAND OAKS  
LONG-TERM DEBT RESERVE REQUIREMENT WAIVER

This is in response to your November 6, 2009, request for approval to waive the long-term debt reserve requirement as it applies to the debt held by the University Village Thousand Oaks (UVTO) Master Trust. Pursuant to the November 5, 2009, letter from Bank of America, the Syndicated Construction Loan to Continuing Life Communities Thousand Oaks LLC (CLCTO) has been paid in full. Therefore, as provided for in Health and Safety Code (H&SC) section 1792.3(c), the Department has agreed to waive the debt service reserve for CLCTO.

Please note that CLCTO is required to notify the Department and obtain its approval prior to closing any transaction that results in an encumbrance or lien on the UVTO property. At which time, CLC will be required to comply with the debt service reserve requirement for the new debt.

If you have any questions, you may contact Allison Nakatomi at (916) 657-2592 or [allison.nakatomi@dss.ca.gov](mailto:allison.nakatomi@dss.ca.gov).

Sincerely,

JOHN R. RODRIQUEZ, Chief  
Continuing Care Contracts Branch

c: Robert Thompson

**FORM 5-2**  
**LONG-TERM DEBT INCURRED**  
**DURING FISCAL YEAR**  
**(Including Balloon Debt)**

	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
Long-Term Debt Obligation					
1		\$0	\$0	0	\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>		\$0	\$0	0	\$0

*(Transfer this  
amount to  
Form 5-3, Line 2)*

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** University Village Thousand Oaks CCRC, LLC

**FORM 5-2**  
**LONG-TERM DEBT INCURRED**  
**DURING FISCAL YEAR (Continued)**  
**Supporting Calculation for Line 1(b)**

Line 1(b) Long term debt on the construction loan was paid in full in 2009.

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**PROVIDER:** University Village Thousand Oaks CCRC, LLC

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**COMMUNITY:** University Village Thousand Oaks

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**FORM 5-3  
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

<b>Line</b>		<b>TOTAL</b>
1	Total from Form 5-1 bottom of Column (e)	<u>\$0</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u></u>
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<u><u>\$0</u></u>

**PROVIDER:** University Village Thousand Oaks CCRC, LLC

**FORM 5-4**  
**CALCULATION OF NET OPERATING EXPENSES**

Line	Amounts	TOTAL Year Ended 12/31/2013
1	Total operating expenses from financial statements	\$25,466,176
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	\$0
b.	Credit enhancement premiums paid for long-term debt (see instructions)	
c.	Depreciation	\$5,972,474
d.	Amortization	\$327,494
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$167,194
f.	Extraordinary expenses approved by the Department	
3	Total Deductions	\$6,467,162
4	Net Operating Expenses	\$18,999,014
5	Divide Line 4 by 365 and enter the result.	\$52,052
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$3,903,907

**PROVIDER:** University Village Thousand Oaks CCRC, LLC  
**COMMUNITY:** University Village Thousand Oaks

**FORM 5-4**  
**CALCULATION OF NET OPERATING EXPENSES**  
**Supporting Explanation for Line 2(e)**

Line 2(e) is made up of the following line from the audited statement of cash flows:

Reimbursements for services to non-residents	<u><u>\$ 167,194</u></u>
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Categories included in the above revenues:

\$	57,514	Guest Meals
	29,325	Employee Meals
	21,806	Catering
	58,549	Guest Room
	<u>          </u>	
<u>\$</u>	<u>167,194</u>	

**PROVIDER:** University Village Thousand Oaks CCRC, LLC  
**COMMUNITY:** University Village Thousand Oaks

**FORM 5-S  
ANNUAL RESERVE CERTIFICATION**

Provider Name: University Village Thousand Oaks CCRC, LLC  
Fiscal Year Ended: 12/31/2013

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2013 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 12/31/2013 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	
[2] Operating Expense Reserve Amount	\$3,903,907
[3] Total Liquid Reserve Amount:	\$3,903,907

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$2,977,666
[5] Investment Securities		\$4,358,988
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other:		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$0 [12]	\$7,336,654
Reserve Obligation Amount: [13]	\$0 [14]	\$3,903,907
Surplus/(Deficiency): [15]	\$0 [16]	\$3,432,747

NOTE: Please find attached the debt service requirement waiver.

Signature: 

Bob Bouchard

Date: 4/18/2014

Chief Executive Officer



**FORM 5-5**  
**Description of Reserves under SB 1212**

**Total Qualifying Assets as Filed:**

Cash and Cash Equivalents	\$ 2,977,666
Investment Securities	\$ 4,358,988
Total Qualifying Assets as Filed	\$ 7,336,654

**Reservations and Designations:**

Reserved for Debt Service	\$ -
Reserved for Operating Expenses	\$ 3,903,907
Total Reservations and Designations	\$ 3,903,907
Remaining Liquid Reserves	\$ 3,432,747

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**Per Capita Cost of Operations**

	<u>12 Months Ending 12/31/13</u>
Operating Expenses (Form 5-4 line #1)	\$ 25,466,176
Mean # of CCRC Residents (Form 1-1 line 10)	488
Per Capita Cost of Operations	\$ 52,185

**NOTE:** Operating expenses shown above are for the period of January 1, 2013  
to December 31, 2013

<b>PROVIDER:</b>	<u>University Village Thousand Oaks CCRC, LLC</u>
<b>COMMUNITY:</b>	<u>University Village Thousand Oaks</u>

**REPORT ON CCRC MONTHLY SERVICE FEES**

	<b>RESIDENTIAL LIVING</b>	<b>ASSISTED LIVING</b>	<b>SKILLED NURSING</b>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$3,161- \$4,812</u>	<u>N/A</u>	<u>N/A</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>2.9%</u>		

☐ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: January 1, 2013  
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- ☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- ☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- ☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: University Village Thousand Oaks CCRC, LLC

COMMUNITY: University Village Thousand Oaks

**FORM 7-1**  
**REPORT ON CCRC MONTHLY SERVICE FEES**  
**Supporting Explanation for Line 5**

The regular first person monthly fee increase is reflected at 2.9% and the second person fee increase is reflected at 2.9% in fiscal year 2013. University Village Thousand Oaks (University Village Thousand Oaks CCRC LLC) had a two point nine percent (2.9%) monthly fee increase in fiscal year 2012. The main cost drivers of the monthly fee increase in 2013 were increased labor wages and health insurance premiums, worker's compensation cost and utilities cost.

**Continuing Care Retirement Community  
Disclosure Statement  
General Information**

**RECEIVED**  
Date Reported: 04/17/2014  
**APR 24 2014**

FACILITY NAME: University Village Thousand Oaks CCRC, LLC  
 ADDRESS: 3415 Campus Drive ZIP CODE: 91360 PHONE: 805-241-3000  
 PROVIDER NAME: University Village Thousand Oaks CCRC, LLC FACILITY OPERATOR: Life Care Services, Inc. CONTRACTS BRANCH  
 RELATED FACILITIES: OakView HC LLC RELIGIOUS AFFILIATION: N/A  
 YEAR OPENED: 2007 # OF ACRES: 65 ☒ SINGLE STORY ☒ MULTI-STORY ☐ OTHER: \_\_\_\_\_ MILES TO SHOPPING CTR: 50  
 MILES TO HOSPITAL: 5

**NUMBER OF UNITS:**

<b>RESIDENTIAL LIVING</b>	<b>HEALTH CARE</b>
APARTMENTS — STUDIO: <u>0</u>	ASSISTED LIVING: _____
APARTMENTS — 1 BDRM: <u>120/1 bdrm</u>	SKILLED NURSING: _____
APARTMENTS — 2 BDRM: <u>127/2 bdrm</u>	SPECIAL CARE: _____
COTTAGES/HOUSES: <u>120</u>	DESCRIBE SPECIAL CARE: _____
RLU OCCUPANCY (%) AT YEAR END: <u>100%</u>	

**TYPE OF OWNERSHIP:** ☐ NOT-FOR-PROFIT ☒ FOR-PROFIT ACCREDITED?: ☐ YES ☒ NO BY: \_\_\_\_\_

**FORM OF CONTRACT:** ☒ CONTINUING CARE ☐ LIFE CARE ☒ ENTRANCE FEE ☐ FEE FOR SERVICE  
 (Check all that apply) ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☐ RENTAL

**REFUND PROVISIONS:** (Check all that apply) ☐ 90% ☒ 75% ☒ 50% ☐ PRORATED TO 0% ☒ OTHER: 25%

**RANGE OF ENTRANCE FEES:** \$ 377,700 TO \$ 1,172,800 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ☒ NO

**HEALTH CARE BENEFITS INCLUDED IN CONTRACT:** Assisted Living, Skilled Nursing, Memory Care

**ENTRY REQUIREMENTS:** MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: N/A

**RESIDENT REPRESENTATIVE ON THE BOARD** (briefly describe their involvement): Two resident representatives from the Resident Council are involved in the monthly management meeting to serve as the liaison between the Resident Council and management and to provide input and suggestions to management and ownership from the resident perspective.

COMMON AREA AMENITIES		FACILITY SERVICES AND AMENITIES			
AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE	
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	GOLF COURSE ACCESS	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	LIBRARY	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	PUTTING GREEN	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	SHUFFLEBOARD	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	TENNIS COURT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	
<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	
		HOUSEKEEPING ( <u>2</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		MEALS ( <u>1</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		CABLE TV	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		LINENS FURNISHED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
		TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
		OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>	

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

**PROVIDER NAME:** University Village Thousand Oaks CCRC, LLC

<b><u>CCRCs</u></b>	<b><u>LOCATION (City, State)</u></b>	<b><u>PHONE (with area code)</u></b>
N/A		

**MULTI-LEVEL RETIREMENT COMMUNITIES**

N/A		

**FREE-STANDING SKILLED NURSING**

N/A		

**SUBSIDIZED SENIOR HOUSING**

N/A		

**NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.**

**PROVIDER NAME:** University Village Thousand Oaks CCRC, LLC

	2010	2011	2012	2013
<b>INCOME FROM ONGOING OPERATIONS</b>				
<b>OPERATING INCOME</b> (excluding amortization of entrance fee income)	18,399,422	20,731,576	22,362,325	24,004,604
<b>LESS OPERATING EXPENSES</b> (excluding depreciation, amortization, and interest)	14,921,328	15,568,281	17,828,814	19,166,208
<b>NET INCOME FROM OPERATIONS</b>	3,478,094	5,163,295	4,533,511	4,838,396
<b>LESS INTEREST EXPENSE</b>				
<b>PLUS CONTRIBUTIONS</b>				
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b> (excluding extraordinary items)	10,065	11,265	29,651	174,600
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>	3,488,159	5,174,560	4,563,162	5,012,996
<b>NET CASH FLOW FROM ENTRANCE FEES</b> (Total Deposits Less Refunds)	18,057,157	14,048,233	9,866,306	7,608,629

**DESCRIPTION OF SECURED DEBT (AS OF MOST RECENT FISCAL YEAR END)**

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
University Village Thousand Oaks Master Trust	211,839,603	0%	11/16/2001	12/31/2050	40 Years

**FINANCIAL RATIOS**

(see next page for ratio formulas)

**2012 CCAC Medians**  
**50<sup>th</sup> Percentile**  
(optional)

	2011	2012	2013
<b>DEBT TO ASSET RATIO</b>	0%	0%	0%
<b>OPERATING RATIO</b>	75.09%	79.73%	79.84%
<b>DEBT SERVICE COVERAGE RATIO</b>	0%	0%	0%
<b>DAYS CASH-ON-HAND RATIO</b>	182.49	151.00	139.72

**HISTORICAL MONTHLY SERVICE FEES**

(AVERAGE FEE AND PERCENT CHANGE)

	2010	%	2011	%	2012	%	2013
STUDIO	2,901	2.9	2,985	2.9	3,072	2.9	3,161
ONE BEDROOM	3,910	2.9	4,023	2.9	4,140	2.9	4,260
TWO BEDROOM	4,416	2.9	4,544	2.9	4,676	2.9	4,812
COTTAGE/HOUSE							
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

**COMMENTS FROM PROVIDER:**

\*University Village Thousand Oaks Master Trust has a first priority deed of trust against University Village Thousand Oaks CCRC, LLC which provides the residents collateral protection. The \$211,839,603 recorded on the books as a Note Payable to the Master Trust is repayable to the residents of their estates upon termination of their contracts and resale of their units, per the contracts.

**FINANCIAL RATIO FORMULAS**

**LONG-TERM DEBT TO TOTAL ASSETS RATIO**

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

**OPERATING RATIO**

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{Depreciation Expense} \\ - \text{Amortization Expense} \end{array}}{\begin{array}{l} \text{Total Operating Revenues} \\ - \text{Amortization of Deferred Revenue} \end{array}}$$

**DEBT SERVICE COVERAGE RATIO**

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{Interest, Depreciation,} \\ \text{and Amortization Expenses} \\ - \text{Amortization of Deferred Revenue} \\ + \text{Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

**DAYS CASH ON HAND RATIO**

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{Unrestricted Non-Current Cash \& Investments} \end{array}}{\begin{array}{l} \text{(Operating Expenses} \\ - \text{Depreciation — Amortization)} / 365 \end{array}}$$

**NOTE:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.